

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

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In re:

JOANN INC., *et al.*,<sup>1</sup>

Debtors.

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Chapter 11

Case No. 25-10068 (CTG)

(Jointly Administered)

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**GLOBAL NOTES AND STATEMENT OF LIMITATIONS, METHODOLOGY,  
AND DISCLAIMERS REGARDING MONTHLY OPERATING REPORT  
FOR THE PERIOD OF JANUARY 15, 2025 THROUGH FEBRUARY 1, 2025<sup>2</sup>**

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On January 15, 2025 (the “Petition Date”), the above-captioned debtors and debtors in possession (each, a “Debtor,” and collectively, the “Debtors”) filed voluntary petitions in the United States Bankruptcy Court for the District of Delaware (the “Court”) commencing cases for relief under chapter 11 of the Bankruptcy Code. On January 16, 2025, the Bankruptcy Court entered an order authorizing the joint administration of these chapter 11 cases pursuant to Bankruptcy Rule 1015(b) under the lead case *In re JOANN Inc., et al.*, No. 25-10068 (CTG) [Docket No. 103]. On January 28, 2025, the United States Trustee for the District of Delaware (the “U.S. Trustee”) appointed an official committee of unsecured creditors pursuant to section 1102(a)(1) of the Bankruptcy Code [Docket No. 198].

The factual background regarding the Debtors, including their business operations, their capital and debt structures, and the events leading to the filing of these chapter 11 cases, is set forth in detail in the *Declaration of Michael Prendergast, Interim Chief Executive Officer, in Support of Chapter 11 Petitions and First Day Motions* [Docket No. 5]. Additional information about these chapter 11 cases, court filings, and claims information is available at the website maintained by the Debtors’ claims and noticing agent: <https://cases.ra.kroll.com/Joann2025>.

The Debtors have prepared and filed the attached monthly operating report and the exhibits thereto (the “MOR”) for the period including January 15, 2025 through February 1, 2025 (the “Reporting Period”) with the assistance of their advisors solely for the purpose of complying with the monthly operating requirements applicable in the Debtors’ chapter 11 cases and the instructions provided by the Office of the United Trustee for the District of Delaware. The financial information contained herein is limited in scope, covers a limited time period, and is presented on a preliminary and unaudited basis. As such, the MOR has not been subject to procedures that would typically be applied to financial statements prepared in accordance with accounting principles generally accepted

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<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s federal tax identification number, are: JOANN Inc. (5540); Needle Holdings LLC (3814); Jo-Ann Stores, LLC (0629); Creative Tech Solutions LLC (6734); Creativebug, LLC (3208); WeaveUp, Inc. (5633); JAS Aviation, LLC (9570); joann.com, LLC (1594); JOANN Ditto Holdings Inc. (9652); Dittopatterns LLC (0452); JOANN Holdings 1, LLC (9030); JOANN Holdings 2, LLC (6408); and Jo-Ann Stores Support Center, Inc. (5027). The Debtors’ mailing address is 5555 Darrow Road, Hudson, Ohio 44236.

<sup>2</sup> Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the *Joint Chapter 11 Plan Of Joann Inc. And Its Debtor Affiliates* [Docket 513].

in the United States of America (“U.S. GAAP”) and does not include all of the information and footnotes required by U.S. GAAP. Upon the application of such procedures, the financial information could be subject to changes, which could be material.

Solely to comply with their obligations to provide MORs during these chapter 11 cases, the Debtors have prepared this MOR using the best information presently available to them, which has been collected, maintained, and prepared in accordance with their historical accounting practices. The MOR generally reflects operations and financial position of the Debtors on a non-consolidated basis, in a form not maintained by the Debtors in the ordinary course of their business and is not intended to fully reconcile to the consolidated financial statements prepared by the Debtors. Accordingly, the amounts listed in the MOR will likely differ, at times materially, from the historical consolidated financial reports. Because the Debtors’ accounting systems, policies, and practices were developed to produce consolidated financial statements, rather than financial statements by legal entity, it is possible that not all assets, liabilities, income, or expenses have been recorded on the correct legal entity.

The results of operations and financial position contained herein are not necessarily indicative of results that may be expected for any period other than the Reporting Period and may not necessarily reflect the Debtors’ future consolidated results of operations and financial position. Unless otherwise noted herein, the MOR generally reflects the Debtors’ books and records and financial activity occurring during the Reporting Period. Except as may be otherwise noted, no adjustments have been made for activity occurring after the close of the Reporting Period.

The MOR should not be relied upon by any persons for information relating to current or future financial condition, events, or performance of any of the Debtors or their affiliates, as the results of operations contained herein are not necessarily indicative of results which may be expected from any other period or for the full year, and may not necessarily reflect the combined results of operations, financial position, and schedule of receipts and disbursements in the future. The MOR presents the Debtors’ best estimates for the Reporting Period, but there can be no assurance that such information is complete, and the MOR may be subject to material revision. These notes, statements, and limitations should be referred to, and referenced in connection with, any review of the MOR, of which they comprise an integral and material part.

### **RESERVATION OF RIGHTS**

The information furnished in this MOR includes normal recurring adjustments but does not include all of the adjustments that typically would be made for interim financial statements presented in accordance with GAAP. Although the Debtors made commercially reasonable efforts to ensure the accuracy and completeness of the MOR, inadvertent errors or omissions may exist. Accordingly, the Debtors hereby reserve all rights to dispute the validity, status, enforceability, or executory nature of any claim amount, agreement, representation, or other statement set forth in this MOR. Further, the Debtors reserve the right to amend or supplement this MOR in all respects, if necessary or appropriate, but undertake no obligation to do so. Nothing contained in this MOR shall constitute a waiver or any of the Debtors’ rights or an admission with respect to their chapter 11 cases or otherwise.

For the reasons discussed above, there can be no assurance that the consolidated financial information presented herein is complete, and readers are cautioned not to rely on the MOR for any reason.

The financial statements of the Debtors' non-debtor affiliates have not been included in the MOR. Unless otherwise indicated, all amounts in the MOR are reflected in U.S. dollars.

**SUPPORTING DOCUMENTATION AND CERTAIN  
ADJUSTMENTS, LIMITATIONS, METHODOLOGY, AND DISCLAIMERS**

While the Debtors do not restate the above notes and reservations or rights in their entirety here, such notes and reservations apply to the entire MOR and each individual response or other item included in the MOR. In addition to such notes and reservations, the Debtors offer the following explanatory notes.

**Debtors' Full-Time Employees.** The number of Full-Time Employees by each entity has been estimated using information from the payroll payments made in January 2025.

**Statement of Cash Receipts and Disbursements.** Reported cash receipts and disbursements exclude intercompany and debtor-to-debtor transactions, as provided in the instructions to the MOR.

In addition, the escrow transfers for the weekly Debtor professional fee estimates under the order authorizing and approving the Debtors' postpetition use of cash collateral are not included, as those funds will remain in the escrow account until each respective professional's fee applications are approved. When funds are transferred out of the escrow account, such disbursements will be included as cash disbursements. For additional information on ending cash balances per the Debtors' books and records, see the attached cash balances in the Statement of Cash Receipts and Disbursements.

**Balance Sheet.** As noted above, the Debtors have historically prepared financial statements on a consolidated basis, and it is on this basis that the Debtors continue to prepare and report financials in the ordinary course of their business. This MOR is prepared on an entity-by-entity basis. To prepare a balance sheet for each Debtor solely for the purpose of complying with the monthly operating requirements applicable in the Debtors' chapter 11 cases and the instructions provided by the Office of the United Trustee, the Debtors made certain adjustments to their consolidating balance sheets, including but not limited to netting or reconciling certain intercompany balances, adjusting cash balances to remove negative balances, and associating certain assets and liabilities with the reasonably appropriate Debtor entity even in certain cases where such assets and liabilities were associated with another entity in the Debtors' consolidating trial balances.

**Statement of Operations.** As noted above, the Debtors have historically prepared financial statements on a consolidated basis, and it is on this basis that the Debtors continue to prepare and report financials in the ordinary course of their business. This MOR is prepared on an entity-by-entity basis. To prepare an income statement for each Debtor solely for the purpose of complying with the monthly operating requirements applicable in the Debtors' chapter 11 cases and the instructions provided by the Office of the United Trustee, the Debtors made certain adjustments to their consolidating profits and loss statements, including but not limited to prorating financial figures for the reporting period.

## **Part 1. Cash Receipts and Disbursements.**

- Cash Receipts and Disbursements are presented based on the entity which owns the respective bank account into which the cash was received or from which the cash was disbursed. Note that sweeps and draws into the Bank of America escrow account are not included in the receipts and disbursements. Cash balance is as reported on the Company balance sheet
- The Debtors maintain and operate a centralized cash management system, under which all bank accounts are maintained by Debtors Jo-Ann Stores, LLC and Dittopatterns LLC. In the ordinary course of their business, the Debtors that maintain the Debtors' cash management bank accounts may make payments on behalf of other Debtors, creating intercompany balances in the Debtors' accounting system.<sup>3</sup>

## **Part 2. Asset and Liability Status.**

- Postpetition payables (excluding taxes). Postpetition payables figures have been estimated using commercially reasonable efforts by examining outstanding payables that were received in the reporting period and estimating other accrued expenses. As a result of the adjustments necessary to prepare information on an entity-by-entity basis, certain estimates and prorations were used to determine the amounts of postpetition payables to include for each Debtor entity in line f.
- Postpetition taxes payable. Postpetition taxes payable amounts include estimated sales tax based on sales during the reporting period.
- Prepetition secured debt. Line k for Debtor Jo-Ann Stores LLC is comprised of the approximate amounts outstanding under the Debtors' ABL Facility, FILO Facility, and Term Loans.
- Prepetition priority debt. The Debtors have not historically and do not now maintain records of any claims entitled to priority under the Bankruptcy Code. Line L for Debtor Jo-Ann Stores LLC is comprised of unpaid severance claims up to the cap set forth in section 507(a)(4) of the Bankruptcy Code.
- Prepetition unsecured debt and total liabilities (debt). The Debtors have made commercially reasonable efforts to determine pre- and postpetition payables by Debtor entity for purposes of the MOR. Because, as noted above, the Debtors have historically prepared financial statements on a consolidated basis, and it is on this basis that the

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<sup>3</sup> Such intercompany transactions are described in more detail in the *Motion of Debtors for Entry of Interim and Final Orders (I) Authorizing the Debtors to (A) Continue to Operate Their Cash Management System, (B) Honor Certain Prepetition Obligations Related Thereto, (C) Maintain Existing Business Forms, and (D) Continue to Perform Intercompany Transactions, and (II) Granting Related Relief* [Docket No. 11].

Debtors continue to prepare and report financials in the ordinary course of their business, certain estimates and prorations were used to determine the amounts of prepetition payables to include for each Debtor entity. Prepetition unsecured debt is comprised of all liabilities not included in the line items not in lines j, k, and l.

**Part 6. Postpetition Taxes.**

- Postpetition taxes paid. During the Reporting Period, the Debtors remitted payments for certain taxes in the ordinary course of business, which payments included certain amounts on account of prepetition taxes authorized to be paid under the order granting the Debtors' first-day motion to pay certain prepetition taxes [Docket No. 341].
- Postpetition employer payroll taxes accrued. The accrued payroll tax set forth on line d is comprised of ten days of payroll tax for Debtor Jo-Ann Stores, LLC, and two weeks of payroll tax for Debtors Creativebug, LLC, and Jo-Ann Stores Support Center, Inc. Note that the Debtors are up to date on all payroll taxes and the amount shown represents accrued but not yet due payroll taxes
- Postpetition other taxes accrued and postpetition other taxes paid. The amounts set forth in line f and line g are limited to tax payments and do not include payment of business license and similar fees.

**Part 7. Questionnaire.**

- Question a. In accordance with relief granted by the Court on certain of the Debtors' first-day motions, the Debtors have made certain payments on account of prepetition claims. Further details regarding the relief requested, the relief granted, and the payments projected to be made by the Debtors is set forth in the applicable first day motions and orders.

In re: JOANN INC., et al.,  
Case No. 25-10068  
Balance Sheet

Entity	Jo-Ann Stores, LLC	Joann.com, LLC	Jo-Ann Stores Support Center, Inc.	Needle Holdings LLC	JOANN Ditto Holdings Inc.	Creativebug, LLC	WeaveUp, Inc.	Dittopatterns LLC	JOANN Holdings 1, LLC	JOANN Holdings 2, LLC	JOANN Inc.	JAS Aviation, LLC	Creative Tech Solutions LLC	JOANN Holdings 2, LLC
Cash	\$ 73,406,384	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 145,358	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Receivable	300,709	1,578,550	-	-	0	383,370	3,657	-	-	-	-	-	-	-
Prepaid Income Tax	3,275,143	-	-	-	-	-	987,142	151,525	-	-	1,437,299	-	270,608	-
Prepaid Expenses	17,115,087	-	-	-	-	-	-	-	-	-	-	-	-	-
Inventory	587,465,696	86,489	-	-	-	-	-	-	-	-	-	-	-	-
Property and Equipment Net	263,976,245	880,677	16,211,309	-	6,476	66,132	513,998	-	-	-	-	(0)	-	-
Operating Lease Assets	677,113,497	40,104	12,372,126	-	-	67,562	-	-	-	-	-	-	-	-
Goodwill	72,985,741	(0)	0	-	-	(0)	-	-	-	-	-	-	-	-
Intangible assets	152,135,415	-	-	-	-	4,395,833	(0)	-	-	-	-	-	-	-
Net Intercompany	(72,089,834)	74,081,737	(15,702,224)	(46,074,418)	(506,476)	839,480	(1,288,053)	415,454	-	-	99,834,553	-	(270,608)	-
Investment In Subsidiaries	-	-	-	199,461,183	-	-	-	-	286,371,461	286,371,461	213,605,542	-	-	286,371,461
Other assets	17,174,326	597,334	-	-	500,000	5,606,258	-	-	-	-	-	-	-	-
Total Assets	\$ 1,792,858,410	\$ 77,264,891	\$ 12,881,211	\$ 153,386,765	\$ (0)	\$ 11,358,636	\$ 216,744	\$ 712,337	\$ 286,371,461	\$ 286,371,461	\$ 314,877,394	\$ (0)	\$ (0)	\$ 286,371,461
Accounts Payable	\$ 347,590,206	\$ -	\$ -	\$ -	\$ -	\$ 1,960,489	\$ 143,891	\$ 614,081	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued Interest	9,407,487	-	354,792	-	-	-	-	-	-	-	(0)	-	-	-
Accrued Income Taxes	204,252	-	0	-	-	-	-	-	-	-	0	0	-	-
Other Accrued Expenses	74,336,876	14,104,155	-	-	-	2,777,613	72,853	98,256	-	-	(0)	-	-	-
Operating Lease Liabilities - Current	149,202,274	40,104	2,690,593	-	-	67,753	0	-	-	-	-	-	-	-
Other Short Term Debt	(0)	-	-	1,537,712	-	-	-	-	-	-	-	-	-	-
Long-Term Debt	421,672,156	-	-	151,849,053	-	-	-	-	-	-	(0)	-	-	-
Operating Lease Liabilities- Non-Current	533,369,969	-	9,835,826	-	-	0	-	-	-	-	-	-	-	-
Deferred Income Taxes - Liabilities	53,367,427	1,499,039	-	-	-	1,294,265	-	-	-	-	-	-	-	-
Other Long-Term Liabilities	13,728,857	-	-	-	-	14,322	(1)	-	-	-	-	-	-	-
Total Liabilities	1,602,879,504	15,643,298	12,881,211	153,386,765	-	6,114,442	216,744	712,337	-	-	0	0	-	-
Shareholders' Equity	189,978,906	61,621,593	-	-	-	5,244,194	-	-	286,371,461	286,371,461	314,877,394	-	-	286,371,461
Total Liabilities+ Equity	1,792,858,410	77,264,891	12,881,211	153,386,765	-	11,358,636	216,744	712,337	286,371,461	286,371,461	314,877,394	0	-	286,371,461

In re: JOANN INC., et al.,  
Case No. 25-10068  
P&L

Entity	Jo-Ann Stores, LLC	Joann.com, LLC	Jo-Ann Stores Support Center, Inc.	Needle Holdings LLC	JOANN Ditto Holdings Inc.	WeaveUp, Inc.	Creativebug, LLC	Dittopatterns LLC	JOANN Holdings 1, LLC	JOANN Holdings 2, LLC	JOANN Inc.	JAS Aviation, LLC	Creative Tech Solutions LLC
Sales	93,172,771	6,431,560	-	-	-	-	305,893	11,851	-	-	-	-	-
Cost of Goods Sold	(52,653,271)	(4,038,244)	-	-	-	-	(27,303)	4,852	-	-	-	-	-
Selling, General & Admin. Exp	(41,487,152)	75,525	(3,696,552)	-	(157)	(17,357)	(82,575)	(60,353)	-	-	-	-	-
Depreciation & Amortization	(2,716,814)	-	(237,105)	-	-	(4,720)	(10,445)	-	-	-	-	-	-
Reorganization Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest Expense	(2,543,012)	-	-	(902,453)	-	-	-	-	-	-	-	-	-
Income Tax Provision	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity Earnings	-	-	-	-	-	-	-	-	-	-	-	-	-
Grand Total	(6,227,477)	2,468,842	(3,933,657)	(902,453)	(157)	(22,077)	185,570	(43,650)	-	-	-	-	-

In re: JOANN INC., et al.,  
Case No. 25-10068  
Receipts & Disbursments

Acct Rollup	Jo-Ann Stores, LLC	Joann.com, LLC	Jo-Ann Stores Support Center, Inc.	Needle Holdings LLC	JOANN Ditto Holdings Inc.	Creativebug, LLC	WeaveUp, Inc.	Dittopatterns LLC	JOANN Holdings 1, LLC	JOANN Holdings 2, LLC	JOANN Inc.	JAS Aviation, LLC	Creative Tech Solutions LLC
Cash Balance Beginning	22,576,507	-	-	-	-	-	-	143,808	-	-	-	-	-
Receipts	94,265,029	-	-	-	-	-	-	6,406	-	-	-	-	-
Disbursements	(43,435,151)	-	-	-	-	-	-	(4,856)	-	-	-	-	-
Net Cash Flow	50,829,877	-	-	-	-	-	-	1,550	-	-	-	-	-
Cash Balance Ending	73,406,384	-	-	-	-	-	-	145,358	-	-	-	-	-